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291025Z Apr 04

UNCLAS SECTION 01 OF 02 AMMAN 003293

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SUBJECT: JORDAN-IRAQ POWER SECTOR COOPERATION: MORE SMOKE  
THAN FIRE

REF: 02 AMMAN 7299

**1.** (SBU) SUMMARY: Over the past eight months, the Jordanian Ministry of Energy (JMoe) and the Iraqi Ministry of Electricity (IMOE) have engaged in a series of meetings on power sector cooperation that has received substantial publicity in the Jordanian press. The talks that have been held have resulted in agreements to move forward on cooperation in three concrete ways: the establishment of a power sector coordination office in Amman, the training of IMOE employees by JMoe and JMoe-owned entities, and the linking of the Jordanian and Iraqi power grids. While the first of these aims has been achieved, the other two remain prospects for the fairly distant future. END SUMMARY.

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COORDINATION OFFICE  
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**2.** The highly touted Iraq-Jordan coordination office, set up by a bilateral MOU signed at the end of November 2003, is based at the National Electric Power Company (NEPCO), Jordan's state-owned electricity transmission monopoly. (NOTE: The only section of Jordan's electricity industry that Jordan has no plans to privatize, NEPCO should remain a suitable vehicle from which the JMoe can drive Jordan-Iraq power sector cooperation for the foreseeable future, and it is accordingly the base for all of the JMoe's cooperation initiatives.) The office, composed of four rooms at the end of a wing of the NEPCO headquarters building, is permanently staffed by two NEPCO employees, an engineer and a secretary, and one or two IMOE officials, who rotate every two to three weeks. The stated purpose of the office is to provide a place where the IMOE can communicate effectively with the outside world, with reliable phone and data links and in a location where the IMOE can hold meetings with potential investors and contractors who are not yet comfortable with the ability to travel to Baghdad. For Jordan, there is the added benefit of direct communication with the IMOE, which allows NEPCO to stay abreast of - and forward to Jordanian newspapers - tenders for power sector-related contracts in Iraq, which the JMoe complains had previously been badly circulated and easy to miss.

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TRAINING PROGRAMS  
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**3.** A secondary purpose for the Iraqi-Jordanian coordination office - so far hypothetical - is to facilitate Jordanian training of IMOE employees. NEPCO has indicated its willingness to provide such training at cost at its training center in Zarqa. The Japanese International Cooperation Agency (JICA) has indicated its willingness to cover 60% of the training and lodging costs of the trainees as part of its assistance committed to Iraq, and that the UNDP will cover the remainder. NEPCO has also offered to instruct IMOE employees in the operation of its electricity transmission dispatching center, whose technology is substantially more advanced than that of Iraq's existing dispatching centers and closer to what Iraq will likely be purchasing as it upgrades its power grid. IMOE is currently planning to send 40 engineers to attend 10-day courses offered in these areas by NEPCO during the months of May and June; JICA and UNDP will cover the remainder.

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POWER GRID LINK  
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**4.** The centerpiece of Jordanian-Iraqi power sector cooperation, a several hundred million-dollar proposal to connect the Iraqi and Jordanian power grids, is still in its early stages. The GOJ has already approached the U.S. Trade Development Authority to fund a feasibility study of the entire 3-stage proposal, which envisions the installation of a 400-kV line between the Risha substation in eastern Jordan and the Al-Qaim substation in western Iraq, the upgrading of the Risha substation, and the provision of backup capacity

through the installation of a 400-kV line between Risha and another of Jordan's power stations. NEPCO personnel claim that they have already secured financial backing from an Iraqi private sector investor (NFI) for the first phase of the project, for which a preliminary feasibility study had already been completed prior to the war.

15. The linking of the Jordanian and Iraqi power grids would help to complete the mutual interconnection of the nations in the proposed six-nation power grid (refTel), a project whose primary immediate utility appears to be political rather than technical. However, technical shortcomings seem likely to limit the effectiveness of a Jordan-Iraq power connection in the short term. Even if a connection project were to move ahead at a high rate of speed (unlikely given recent events in Al-Anbar province), the initial phase of the project would not be completed before late in the year. Even if it were completed, weaknesses in the Iraqi power transmission system and the unique frequency at which Iraqi stations generate power would mean that the area of the Iraqi grid drawing from exported Jordanian power would have to be isolated from the rest of the Iraqi grid, cancelling in large part the rationale for the project. In the long run, of course, these obstacles will likely be worked out as the capacity of the Iraqi grid is increased, and there will be some benefit both to the Iraqis and to the Jordanians from the diversification of their grids. But the benefit will be fairly marginal: even when the project has been completed, and all obstacles removed, NEPCO does not envision exporting more than 300 MW of power to Iraq, of which 150 MW would come from Egypt. On the other hand, the completion of the full three-stage project will substantially strengthen Jordan's domestic power grid.

16. (SBU) COMMENT: While significantly less substantial than JMOE press releases might imply, power sector cooperation between the Jordanians and Iraqis to date can serve as a starting point for initiatives that benefit both the Jordanian and Iraqi power sectors in the years ahead. It is also one of very few Iraqi-Jordanian bilateral cooperation programs driven by Iraqi ministerial personnel, and presumably therefore implies a substantial degree of buy-in from the Iraqis that should make future cooperation fairly secure.  
GNEHM